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Subject: Clarification on Significant Changes in 3Q2017 Operating Results Exceeding 20%

To: President
 The Stock Exchange of Thailand

BJC Heavy Industries Public Company Limited (hereinafter referred to as "the company") would like to clarify the underlying drivers for the changes in 3Q2017 Operating Results as compared with those in 3Q2016 as following.

Overview of Business Operation

During 3Q2017, the company was continuously invited for several tender bids where are under consideration. This situation was behind our previous anticipation leading to discontinuity of revenue recognition. Additionally, the appreciation of Thai Baht has caused negative FX impact since the major revenue resulted from oversea markets.

Revenue

Contracted Revenue

In 3Q2017, Contracted Revenue (excluding other revenue) was 445.7 million baht, decreasing by 32.4% from 659.7 million baht in 3Q2016. The decreased Contracted Revenue was due to recognizing revenue only from TUPH 03B while the company recognized revenue from a few projects in the same period of prior year.

Expenses

Contracted Costs

Contracted Costs in 3Q2017 was 483.4 million baht, representing the decrease by 37.8% from 777.5 million baht in the same period of last year. The main reason of decreased in 3Q2017 was in 3Q2016 there were additional cost of expedited work to deliver the project as schedule.



Selling, General and Administrative expenses (SG&A)

Selling, General and Administrative expenses (SG&A) in 3Q2017 was 57.3 million baht, increasing by 11.3% from 3Q2016 which was 51.5 million baht. The increased SG&A was mainly due to some fixed costs even the slower pace of project activities as mentioned previously.

Foreign Exchange (FX) Impact

In 3Q2017, the company recognized FX loss by 40.1 million baht as compared with 2Q2016 FX loss at 33.4 million baht. This was due to the anticipation of THB against US dollar after foreign capital fund flows entered into developing markets including Thailand.

Gross Profit and Net Profit

In 3Q2017, Gross Profit was negative at 37.7 million baht, as compared with that in 2Q2016 at 117.8 million baht. On the other hand, Net Profit in 3Q2017 was negative at 131.7 million baht as compared with that in 3Q2016 at 198.0 million baht due largely to the decreased project activities and FX loss as explained before.

Please be informed accordingly,

Best regards,
BJC Heavy Industries Public Company Limited

-Seung Woo Lee-

(Mr. Seung Woo Lee)
Deputy Managing Director